

CableFAX Daily™

Thursday — June 28, 2007

What the Industry Reads First

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Stay Away: FTC Says No to Net Neutrality Mandates

Those pushing for net neutrality regulations won't find a friend in the **FTC**. The Commission issued a report Wed declaring that policy makers should proceed with caution. "In the absence of significant market failure or demonstrated consumer harm, policy makers should be particularly hesitant to enact new regulation in this area," FTC chmn *Deborah Platt Majoras* said. The FTC added that broadband providers' conduct, including data prioritization and exclusive deals, could actually end up benefiting consumers. It said it will vigorously enforce antitrust and consumer protection laws, as well as "expend considerable efforts" on consumer education and industry guidance in the areas of broadband Internet access. The FTC's stance is similar to that of the **FCC**, which has declined to issue net neutrality mandates. It instead offered guidelines and promised enforcement when companies step out of bounds. **NCTA** pres/CEO *Kyle McStarow* lauded the FTC for "comprehensively examining the competitive forces, both economic and policy, at work in today's Internet." But net neutrality advocates were of course none too pleased with the outcome. "The report's cautionary message falls far short in its analysis of the harm that could come to consumers, as well as to those who offer services over the Internet, if the telephone and cable companies seize the opportunity to decide which favored partners have priority services and which do not," said **Public Knowledge** pres *Gigi Sohn*. While the report passed the Commission 5-0, commish *Jon Leibowitz's* comments did offer advocates some hope. "There is a real reason to fear that, without additional protections, some broadband companies may have strong financial incentives to restrict access to content and applications," he wrote in his concurring statement.

Yaeger Retiring: Time Warner Cable is gearing up to lose an institution. Employees learned Wed that evp, corporate affairs *Lynn Yaeger* will retire at year-end. A 28-year cable vet, Yaeger is called a mentor by many. She started Time Warner's acclaimed National Teacher's Awards and has been one of *Glenn Britt's* closest advisers on everything from public affairs to state/federal politics. She will continue be a senior adviser to Britt through '08. While the retired *Fred Dressler* was TW's programming godfather, the publicity shy Yaeger (just try getting a *Cfax 100* questionnaire from her!) probably deserves the title of corporate affairs godmother—with many a story told about her influence. "She has been great for this industry and **C-SPAN**. Thanks for everything," C-SPAN chmn/CEO *Brian Lamb* told **Cfax**. "She's been an outstanding leader in true public service and govt relations for this industry. We all just owe her a great deal of thanks."

Sprint jv Shuffle: Sprint Nextel announced that **BellSouth** alum *Keith Cowan* will take over responsibility of the Sprint-cable jv, effective Jul 9. As pres, strategic planning and corporate initiatives, he will also oversee **4G Mobile Broadband** and overall corporate strategic planning. *John Garcia* will step down as pres of the jv to become Sprint's svp, product management and development. But he'll continue to be involved in the Pivot brand as it rolls out to 40 metro areas in '07. *Jim Patterson*, now vp, cable solutions, will work under Cowan as the jv's acting pres.

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A Sprint rep said the changes are part of an effort to integrate jv products and services into the company's core Product Development group. In addition his new role at the jv, Patterson also oversees Sprint's cable wireline service offerings, including VoIP services.

Downloadable Security: As the industry awaits the July 1 deadline for newly deployed cable set tops to have separable security, **Beyond Broadband Technology** has finished alpha testing its downloadable security system (**Cfax**, 12/22). BBT said the test, which included a conditional-access component emulating a 250K-sub cable system, involved successful transmissions from a satellite uplink to a set top using MPEG-4 compression, as well as tests receiving off-air MPEG-2 signals. Details on the upcoming beta test phase are expected at the **NCTC** meeting in late July. Said BBT CEO *Bill Bauer*: "Passing this milestone is terribly important in showing the significant progress that has been made in the unique downloadable security system we have developed. The BBT Solution is no longer theory. It's fact. Now it's just a question of implementation. We are in discussions with several major manufacturers on that step now."

Deal: **Disney's ESPN/ABC** and **Turner's TNT** inked wide-ranging 8-year rights extensions with the NBA, including not only enhanced linear TV coverage but also global digital rights. For Disney, the deal covers 17 nets and platforms, including ABC, **ABC HD**, ESPN, **ESPN HD**, **ESPN2**, **ESPN2 HD**, **ESPNNEWS**, **ESPN Classic**, **ESPN Deportes**, **ESPN International**, **ESPN Radio**, **ESPN.com**, **ESPN360.com**, **ESPN Mobile Publishing**, **ESPN Mobile TV**, **ESPNU** and ESPN podcasts. It also covers more postseason exclusivity on ESPN, and expanded cut-in and in-progress highlight rights. TNT's deal includes continued TV exclusives such as Thurs night doubleheaders, 52 playoff games and NBA All-Star-related content. ESPN/ABC can also now include ESPN and ABC games and studio content in any ESPN offering; use NBA-licensed content in multi-sport programming; simulcast NBA games live on ESPN360.com and ESPN Mobile TV; and use NBA-licensed content in user-personalized features on ESPN platforms. The deal also provides new rights for ESPN International. TNT gains rights to simulcast TNT games on new digital platforms such as wireless and broadband, as well as the ability to post games to VOD shortly after original telecasts, and other ancillary rights. In addition, **TNT OverTime** will be able to stream content on a live, delayed and limited on-demand basis.

Public Affairs: A day after Congress took the media (specifically TV) to task for its impact on children, it was a different scene at DC's National Press Club Wed. **Cox** held its 2nd National Teen Summit on Internet Safety—and we have to admit, we were impressed. A room full of very eloquent teens and some introspective parents talked about what can be done to improve safety (oh, and *John Walsh* and *Miss America* piped in with a few comments as well). One of the take-aways: teens aren't as unapproachable as parents may sometimes feel. Walsh said the entire group agreed that their parents should have the passwords to their **MySpace** accounts and check up on them online regularly. Several parents and teachers gave shout outs to Cox for opening their eyes and for its Take Charge initiative, which helps parents and kids make smart media choices. The summit will air on Cox's local cable channels later this summer.

WWE Defense: *Chris Benoit* may have been an **ECW** wrestler, but there was no tribute for him Tues night on **Sci Fi** as there had been during "Mon Night Raw" on **USA**. After the USA show aired Mon, it came out that Benoit had apparently killed his wife and son before hanging himself. "Now some 26 hours later, the facts of this horrific tragedy are now apparent," *Vince McMahon* said during ECW. "Therefore, other than my comments, there will be no mention of Mr Benoit tonight." Meanwhile, WWE criticized attempts to connect the tragedy to steroids, saying toxicology tests are incomplete

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BUSINESS & FINANCE

and that steroids weren't related to the cause of death. Benoit tested negative for steroids on Apr 10, WWE said.

Prison Bound: Looks like *John Rigas* and son *Tim* are finally headed to jail. A federal judge on Wed ordered the 2 to report to prison on Aug 13. It has been 3 years since they were convicted of accounting fraud and sentenced to 15 and 20 years, respectively. John and Tim have asked the appeals court to reconsider and plan on appealing to the US Supreme Court, but prospects aren't good. The 2 still have to be resented after an appeals court reversed one of their 18 convictions last month, but that can't happen until their appeal concludes. They can, however, start serving time. The Rigases will report to the federal prison facility assigned to them by the **US Bureau of Prisons**. The 82-year-old patriarch may have his sentence shortened to 2 years because of failing health.

Business/Finance: Oppenheimer initiated **Crown** with a "Buy" rating and a \$9.25 price target. In what had to be music to CEO *Henry Schleiff's* ears, the firm said Crown is "in the midst of a turnaround that we expect will be further driven by contract renewals at EOY 2007 for more than half [of **Hallmark Channel's**] sub base." It expects Crown to reach EBITDA and free cash flow breakeven by 4Q and begin paying down debt. Oppenheimer said Crown would have an easier time selling Hallmark Channel than it did in '05.

CableFAX Daily Stockwatch

Company	06/27 Close	1-Day Ch	Company	06/27 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
ALCATEL LUCENT:	13.89	0.14	AMDOCS:	39.76	0.37
BRITISH SKY:	50.84	0.38	AMPHENOL:	35.30	0.17
DIRECTV:	23.27	(0.08)	APPLE:	121.89	2.24
DISHNEY:	34.27	0.21	ARRIS GROUP:	17.25	0.45
ECHOSTAR:	43.36	0.47	AVID TECH:	34.64	1.10
GE:	38.06	0.04	BLNDER TONGUE:	1.63	0.07
HEARST-ARGYLE:	23.78	0.02	BROADCOM:	30.36	0.63
ION MEDIA:	1.43	0.00	C-COR:	13.87	0.15
NEWS CORP:	23.00	(0.31)	CISCO:	27.27	0.12
TRIBUNE:	29.70	0.24	COMMSCOPE:	55.87	0.71
MSOS					
CABLEVISION:	35.19	0.07	CONCURRENT:	1.70	(0.04)
CHARTER:	3.97	0.10	CONVERGYS:	24.41	0.05
COMCAST:	27.92	0.10	CSG SYSTEMS:	26.31	(0.04)
COMCAST SPCL:	27.65	0.11	GEMSTAR TVG:	4.99	0.06
GCI:	13.21	0.20	GOOGLE:	526.29	(3.97)
KNOLOGY:	17.37	0.49	HARMONIC:	8.38	0.09
LIBERTY CAPITAL:	115.15	0.65	JDSU:	13.37	0.19
LIBERTY GLOBAL:	41.11	0.74	LEVEL 3:	5.92	0.11
LIBERTY INTERACTIVE:	22.79	(0.4)	MICROSOFT:	29.87	0.35
MEDIACOM:	9.49	0.01	MOTOROLA:	17.82	0.03
NTL:	28.22	0.00	NDS:	48.03	0.03
ROGERS COMM:	42.97	0.00	NORTEL:	24.22	0.01
SHAW COMM:	42.07	0.37	OPENTV:	2.19	0.07
TELEWEST:	24.20	0.00	PATH 1:	1.34	0.00
TIME WARNER CABLE:	39.70	0.27	PHILIPS:	41.62	(0.02)
WASH POST:	774.75	3.05	RENTRAK:	14.50	0.31
PROGRAMMING					
CBS:	33.07	0.32	SEACHANGE:	7.89	0.09
CROWN:	6.88	(0.13)	SONY:	51.16	(0.14)
DISCOVERY:	22.83	(0.07)	SPRINT NEXTEL:	21.63	(0.33)
EW SCRIPPS:	44.12	0.34	THOMAS & BETTS:	58.15	0.22
GRUPO TELEVISA:	26.56	0.21	TIVO:	5.76	0.06
INTERACTIVE CORP:	34.75	(0.11)	TOLLGRADE:	10.74	0.29
LIBERTY:	8.63	(0.07)	UNIVERSAL ELEC:	37.55	1.02
LODGENET:	32.14	0.03	VONAGE:	3.16	(0.1)
NEW FRONTIER:	8.65	(0.03)	VYYO:	6.85	0.36
OUTDOOR:	10.61	(0.1)	WEBB SYS:	0.18	0.08
PLAYBOY:	11.44	0.29	WORLDGATE:	0.51	(0.02)
TIME WARNER:	21.29	0.08	YAHOO:	27.58	(0.13)
UNIVISION:	36.23	0.00	TELCOS		
VALUEVISION:	11.49	0.28	AT&T:	39.98	0.69
VIACOM:	41.36	(0.29)	QWEST:	9.55	0.15
WWE:	15.95	(0.12)	VERIZON:	40.92	(0.15)
TECHNOLOGY					
3COM:	4.43	0.11	MARKET INDICES		
ADC:	18.42	0.23	DOW:	13427.73	90.07
ADDVANTAGE:	5.25	0.04	NASDAQ:	2605.35	31.19



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Think about that for a minute...

Phone Home

Don't you wish your company could be as good at creating "buzz" as Apple is? Every time a new product is introduced, in this case the iPhone, everyone goes crazy, the publicity is almost non-stop. Heck, one would think the iPhone was almost as important as the comings and goings of Paris Hilton!

I am not one of those who will quickly go out and get the iPhone, although I do have to admit it sure sounds neat. The first reviews are glowing as to the unit itself and the great user interface it has (something the cable industry sorely needs to improve upon), even if they are also highly critical of the AT&T system and the painfully slow service to the wonderful phone/computer.



Steve Effros

What caught my eye, however, in all this hype, was another story about a service provider as opposed to a specific, neat new phone. T-Mobile, apparently appreciating that everyone was going to be talking about the new iPhone and AT&T, decided to announce a new little wrinkle of it's own. They are selling a new service with two new phones that switch back and forth from a Wi-Fi connection to a cell phone connection automatically.

That way, when you are on the road, the cell phone is working, but when you are at home where the signal may not be as good, the phone automatically switches to your home WiFi device and the call is completed through the Internet.

Now for lots of people that may not create much of a "wow" factor. But for me, I would have to say it is right up there with the iPhone. You see, the reason I wasn't interested in getting one of those expensive new beauties was that we get no cell phone signal where I live. Nothing. Nada.

Yes, if I walk out in the driveway (I only live about 35 minutes outside of DC!) and hold my phone high in the air I may be able to get one or two bars, but that's it. Get close to the house, and it's gone. Same is true for most of my neighbors. So we don't give out our cell phone numbers much. They are good for making calls when on the road. But folks can't reach me reliably, so the phone has limited usefulness.

I don't think I am alone. I would love to use my phone at home, or at least not be worried that I was missing calls from folks who didn't know they couldn't reach me on that phone.

The T-Mobile solution of switching back and forth between the cell network and the cable modem/internet network solves the problem... and there is no reason in the world why the cable industry can't take major advantage of that.

I am not just talking about the Pivot service that some of the largest operators are now starting to roll out, which I understand will have a similar capability.

I'm talking about cutting deals with other cell phone suppliers to tout that "home phone" service for them, too. Samsung, apparently, is coming out with a special home "cell" in the near future as well.

It all reminds me of when cable was talking to the cell phone folks about "mini cells" strung on our plant, dropping the signal right into the coax. Well, it's happening, and I think it could be accomplished in several different ways, all of which would help consumers and improve our services. How about starting our own "buzz" about the ability to "phone home."

Steve

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Help us fill
in the blanks

As you all know, our highly scientific selection process depends on precise industry knowledge, charmed intuition and approximately 73 gallons of very strong coffee. As part of this caffeinated adventure, we ask you, the readers, to submit worthy candidates for our consideration. These could include friends, colleagues, enemies, rivals... "frienemies"... and even yourself (you're probably your own number one fan, after all).

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For questions, please contact:
CableFAX Executive Editor, Mike Grebb, mgrebb@accessintel.com.

You may nominate as many times as you wish.
CableFAX 100 will be published in December.